iCREATE LIMITED

FINANCIAL STATEMENTS

THE YEAR ENDED DECEMBER 31, 2020

CONTENTS

CrichtonMullings
& ASSOCIATES

Rohan Crichton, CPA, CA, MAcc
senior partner
Leary C. Mullings, CPA, CA, MBA
senior partner

Chartered Accountants
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of
<u>iCreate Limited</u>

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of iCreate Limited (the "Company"), which comprises the statement of financial position as at December 31, 2020, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act"").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to going concern

We draw attention to Note 22 in the financial statements which indicates that the Company made a loss of $29,064,713 (2019: 45,950,076) for the year ended December 31, 2020 and has accumulated deficit of $89,862,844 (2019: $ $60,798,131) as at the end of the year. Further, as at December 31, 2020, the Company's current liabilities exceeded its current assets by $22,983,209 (2019: $33,543,299). From inception the Company has not achieved the level of revenues projected and required to sustain its operations. This indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion has not been modified in respect of this matter

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To the members of
iCreate Limited

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

The financial statements have been prepared on a going concern basis.

The Company has been making losses since its inception in 2018. It has raised equity and borrowed funds to finance its operating costs. At December 31, 2020, accumulated losses shown in the Statement of Financial Position totalled $89.8 million.

We included the going concern assumption as a key audit matter as it relies on existing cash reserves and future revenue growth generating sufficient cashflows to cover necessary expenditure.

In assessing the appropriateness of the going concern assumption used in preparing the financial statements, our procedures included, amongst others:

- Assessing the cash flow requirements of the Company over the twelve (12) months begining January 1, 2021 based on budgets and forecasts.
- Understanding what forecast expenditure is committed and what could be considered discretionary.
- Considering the liquidity of existing assets on the Statement of Financial Position.
- Considering the terms of the bond and bank overdraft facility and the amount available for drawdown.
- Considering potential downside scenarios and the resultant impact on available funds.

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Independent Auditor's Report (cont'd)

To the members of
iCreate Limited

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate with the Board of Directors.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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Independent Auditor's Report (cont'd)

To the members of
iCreate Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix of this auditor's report. This description, which is located at pages 5-6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Leary Mullings.

CrichtonMullings & Assoc.
CrichtonMullings & Associates
Chartered Accountants

Kingston Jamaica
August 27, 2021

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Independent Auditor's Report (cont'd)

To the members of
iCreate Limited

Appendix to the independent auditor's report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent Auditor's Report (cont'd)

To the members of
iCreate Limited

Appendix to the independent auditor's report (cont'd)

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

iCREATE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Notes	2020	2019
ASSETS		$	$
Non-current Assets			
Property, plant and equipment	5	13,532,267	20,543,285
Right-of-use asset	6	554,567	7,498,212
Intangible assets	7	7,554,241	808,956
Total non-current assets		21,641,075	28,850,453
Current Assets			
Trade and other receivables	8	7,458,337	2,126,183
Due from related party	9	6,547,098	8,458,653
Cash and bank balances	10	708,599	3,241,547
Total current assets		14,714,034	13,826,383
Total Assets		36,355,109	42,676,836
EQUITY AND LIABILITIES			
Equity			
Issued share capital	11	55,816,070	55,816,070
Revaluation surplus	12	7,070,947	-
Accumulated deficit		(89,862,844)	(60,798,131)
		(26,975,827)	(4,982,061)
Non-current Liability			
Deferred tax liability	13	289,215	289,215
Loans payable	14	25,344,478	-
Total non-current liabilities		25,633,693	289,215
Current Liabilities			
Current portion of lease liability	6	608,875	7,778,964
Current portion of loans payable	14	4,020,000	-
Due to related party	9	2,897,138	2,897,138
Trade and other payables	15	29,697,952	23,238,690
Bank overdraft Text	10	473,278	12,564,890
Customer deposits	16	-	890,000
Total current liabilities		37,697,243	47,369,682
Total Equity and Liabilities		36,355,109	42,676,836

The financial statements on pages 7 to 33 were approved for issue by the Board of Directors on , 2021 and signed on its behalf by:

Tyrone Wilson
President & CEO

Arlene Martin
Chairperson

The acompanying notes form an integral part of the financial statements

iCREATE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 $	2019 $
Revenues	**4**	**58,377,536**	46,158,213
Direct Cost		**(22,132,816)**	(24,116,780)
Gross profit		**36,244,720**	22,041,433
Other income		**34,985**	559,258
Administrative and general expenses	**17**	**(45,938,260)**	(51,901,753)
Depreciation and amortisation		**(3,986,852)**	(3,177,366)
Operating loss		**(13,645,407)**	(32,478,428)
Finance costs	**18**	**(15,419,306)**	(12,961,526)
Loss before taxation		**(29,064,713)**	(45,439,954)
Taxation charge	**19**	**-**	510,122
Loss for the year		**(29,064,713)**	(45,950,076)
Other comprehensive income			
Items that will not be classified			
Surplus from licence, other comprehensive income for the year		**7,070,947**	-
Total comprehensive expense for the year		**(21,993,766)**	(45,950,076)
LOSS PER STOCK UNIT	**20**	**(0.11)**	(0.24)

The accompanying notes form an integral part of the financial statements

iCREATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Share Capital $	Revaluation Surplus $	Accumulated Deficit $	Total $
Alloted during the year		500,000		-	500,000
Net loss, being total comprehensive expense for the period		-	-	(14,848,055)	(14,848,055)
Balance at December 31, 2018		500,000	-	(14,848,055)	(14,348,055)
Issue of shares, net of transaction costs	**11**	55,316,070		-	55,316,070
Net loss, being total comprehensive expense for the year		-	-	(45,950,076)	(45,950,076)
Balance at December 31, 2019		55,816,070	-	(60,798,131)	(4,982,061)
Other comprehensive income	**12**	-	7,070,947	-	7,070,947
Loss for the year		-	-	(29,064,713)	(29,064,713)
Balance at December 31, 2020		**55,816,070**	**7,070,947**	**(89,862,844)**	**(26,975,827)**

The accompanying notes form an integral part of the financial statements

iCREATE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	**$**	$
Net loss for the year	**(29,064,713)**	(45,950,076)
Adjustment for items not affecting cash resources:		
Depreciation and amortisation	**3,986,852**	3,177,366
Depreciation charge on right-of-use asset	**6,943,644**	10,120,786
Right of use interest expense	**330,323**	990,385
Derecognition of leasehold improvements	**3,640,714**	-
Expected credit loss provision	**3,796,795**	8,796,969
Surplus from licence	**7,070,947**	-
Interest expense	**7,457,198**	-
Deferred taxation	**-**	510,122
	4,161,760	(22,354,448)
(Increase) / Decrease in operating assets:		
Trade and other receivables	**(9,128,949)**	(5,550,088)
Due from related party	**1,911,556**	(4,921,663)
Increase / (decrease) in operating liabilities:		
Trade and other payables	**4,770,882**	13,738,975
Customer deposits	**(890,000)**	(160,000)
Cash used in operating activities	**825,249**	(19,247,224)
Interest Paid	**(5,768,818)**	-
Net cash used in operating activities	**(4,943,569)**	(19,247,224)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(206,285)**	(17,330,860)
Acquisition of intangible assets	**(7,155,547)**	-
Net cash used in investing activities	**(7,361,832)**	(17,330,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments, net	**(7,500,413.07)**	(10,830,419)
Issued share capital, net	**-**	55,316,070
Loan proceeds	**31,900,000**	-
Loan repayments	**(2,535,522)**	-
Convertible notes	**-**	(17,500,000)
Net cash provided by financing activities	**21,864,065**	26,985,651
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES	**9,558,664**	(9,592,433)
OPENING CASH AND BANK BALANCES	**(9,323,343)**	269,090
CLOSING CASH AND BANK BALANCES	**235,321**	(9,323,343)
REPRESENTED BY:		
Cash and bank deposits	**708,599**	3,241,547
Bank overdraft	**(473,278)**	(12,564,890)
	235,321	(9,323,343)

The accompanying notes form an integral part of the financial statements

1. IDENTIFICATION

iCreate Limited is a limited liability Company incorporated in Jamaica under the Jamaican Companies Act (the "Act"). The registered office of the Company is 72B Hope Road, Kingston 6.

The principal activities of the Company are :

Educational Services -the provision of creative and digital training.
The Company offers professional diploma and certificate courses in the field of digital marketing, advertising design, graphic design, animation, digital photography, live television video production and mobile games.

Opportunity Ventures - the provision of multimedia content and events production.

iCreate Limited is a wholly owned subsidiary of eMedia Interactive Group Limited. The Company through partnership, is a creative institute at the University of the Commonwealth Caribbean (UCC).

On January 31, 2019, iCreate Limited became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to full remission of income taxes for the first five (5) years and fifty percent (50%) remission for the following 5 years providing it complies with the requirements of the Jamaica Stock Exchange Junior Market.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Stanadrds Board and the relevant requirements of the Act.

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Changes in accounting standards and interpretations

Certain new standards and interpretations of and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

- *IAS 1 'Presentation of Financial Statements - Amendment', issued October 2018*
  Effective for periods commencing on or after 1 January 2020
- *IAS 8 'Changes in Accounting Estimates and Errors - Amendment', issued October 2018*
  Effective for periods commencing on or after 1 January 2020
- *IFRS 9 'Financial Instruments - Amendment', issued September 2019*
  Effective for periods commencing on or after 1 January 2020
- *References to Conceptual Framework in IFRS Standards - Amendment, issued March 2018*
  Effective for periods commencing on or after 1 January 2020

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company’s future financial statements:

- *IAS 1 'Presentation of Financial Statements - Amendment', issued January 2020*
  Effective for periods commencing on or after 1 January 2023
- *IAS 16 'Property, plant and equipment - Amendment', issued May 2020*
  Effective for periods commencing on or after 1 January 2022
- *IAS 37 'Provision, Contingent Liabilities and Contingent Assets - Amendment', issued May 2020*
  Effective for periods commencing on or after 1 January 2022
- *IFRS 9 'Financial Instruments - Amendment', issued May 2020*
  Effective for periods commencing on or after 1 January 2022
- *IFRS 16 'Leases - Amendment', issued May 2020*
  Effective for periods commencing on or after 1 June 2020

The Board of directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant to the Company in future periods is unlikely to have any material impact on the financial statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, as well as estimates, based on assumptions, that affect the application of accounting policies, and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts may differ from these estimates.

The estimates, and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with material uncertainty that have a significant effect on amounts in the financial statements or that have a significant risk of material adjustment in the next financial year are set out below:

(i) Critical accounting judgements in applying the Company’s accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the principles set out in IFRS.

(a) Revenues

Certain contracts for the provision of educational services include performance obligations and determining the timing of the satisfaction of the performance obligations. In estimating the variable consideration, the Company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised services to the customer.

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of services.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

(b) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (cont'd)

(ii) Key assumptions and other sources of estimation uncertainty

(a) Allowance for expected credit losses

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various ageing buckets and the related loss patterns. The provision matrix is initially based on the Company's historical observed default rates.

The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, inflation and foreign exchange rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 8.

(b) Leases - estimating the incremental borrowing rate

If the Company cannot readily determine the interest rate implicit in the lease, its uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

All property, plant and equipment are recorded at historical or deemed cost, less any accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Company's and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

Depreciation is calculated on the straight line basis over the estimated useful lives of such assets. The rates of depreciation in use are:

Computer	20%
Office equipment	20%
Leasehold improvement	10%
Furniture and fixtures	10%

(b) Intangible assets

Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs associated with maintaining computer software programs are recognised in profit or loss as incurred.

These assets are measured at cost less accumulated amortisation and, if any, impairment losses. The assets are amortised using the straight-line method over their useful lives, estimated at five years. Amortisation methods, useful lives and residual values are reassessed at each reporting date.

Current annual amortisation rate is 33.3% and 20% for software.

(c) Cash and bank balances

Cash comprises of cash in hand and cash at bank.

3. SIGNIFICANT ACCOUNTING POLICIES

(e) Revenues

Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the Company for services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled. Revenue is decreased by any trade discounts granted to customers.

The Company does not expect to have any contracts where the period between the transfer of the promised service to the customers and payment by the customers exceeed one year. Accordingly, the Company does not adjust any of the transaction prices for the time value of money.

(f) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date.

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

(g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

3. SIGNIFICANT ACCOUNTING POLICIES

(g) Leases(cont'd)

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(h) Trade and other payables

Trade and other payables are stated at amortized cost.

(i) Trade and other receivables

Trade and other receivables are stated at amortized cost.

(j) Impairment of non-financial assets

The carrying amounts of the Company’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or Company of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

iCREATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Related party identification

A party is related to the Company if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the Company;
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company.

(ii) the party is an associate of the Company
individual referred to in (iv) or (v) above.

(iii) the party is a joint venture in which the Company is a venturer;

(iv) the party is a member of the key management personnel of the Company

(v) the party is a close member of the family of an individual referred to in (i) or (iv) above

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant coting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any Company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(l) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognised immediately in profit or loss), as appropriate, on initial recognition.

In these financial statements, financial assets comprise cash and cash equivalents, trade receivables, other receivables, deposits and related party receivables. Financial liabilities comprise accounts payable, customer deposits, related party payables and notes payable.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (cont'd)

Financial assets (cont'd)

Initial recognition and measurement (cont'd)
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cashflows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of'other' business model and measured at FVTPL.

Subsequent measurement
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loan and other receivables, due from related parties and cash and bank balances.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment

The Company recognises an allowance for expected credit losses (ECLs) on the financial instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles for services provided over a period of twelve (12) months and the corresponding historical credit losses experienced within this period. The Company has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Company’s financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4. REVENUES

Revenues represent the invoiced value of tuition fees less discounts and events production.

eMedia Interactive Group Limited (the "Parent Company") has the right to the Reggae Sunsplash Music Festival licence for a period of two (2) annual stagings. eMedia sublease the licence to the Company to execute the event and own any content produced during the period.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements $	Furniture and Fixtures $	Computers $	Office Equipment $	Total $
At Cost					
Additions	3,784,818	526,185	2,171,163	314,961	6,797,127
Balance at December 31, 2018	3,784,818	526,185	2,171,163	314,961	6,797,127
Additions	7,274,255	1,051,454	4,830,032	4,175,119	17,330,860
Balance at December 31, 2019	11,059,073	1,577,639	7,001,195	4,490,080	24,127,987
Additions	115,000	83,067	-	8,218	206,285
Derecognition	(4,205,810)	-	-	-	(4,205,810)
Balance at December 31, 2020	**6,968,263**	**1,660,706**	**7,001,195**	**4,498,298**	**20,128,462**
Accumulated Depreciation					
Charge for the year	276,559	41,623	334,103	43,939	696,224
Balance at December 31, 2018	276,559	41,623	334,103	43,939	696,224
Charge for the year	871,816	138,224	1,230,905	647,533	2,888,478
Balance at December 31, 2019	1,148,375	179,847	1,565,008	691,472	3,584,702
Charge for the year	1,111,449	165,378	1,400,239	899,523	3,576,589
Derecognition	(565,096)	-	-	-	(565,096)
Balance at December 31, 2020	**1,694,728**	**345,225**	**2,965,247**	**1,590,995**	**6,596,195**
Net Book Value					
Balance at December 31, 2018	3,508,259	484,562	1,837,060	271,022	6,100,903
Balance at December 31, 2019	9,910,698	1,397,792	5,436,187	3,798,608	20,543,285
Balance at December 31, 2020	**5,273,535**	**1,315,481**	**4,035,948**	**2,907,303**	**13,532,267**

6. RIGHT-OF-USE ASSET

	2020	2019
	$	$
Buildings	**17,618,998**	17,618,998
	17,618,998	17,618,998
Depreciation charge of right-of use asset		
Buildings	**17,064,431**	10,120,786
	17,064,431	10,120,786
	554,567	7,498,212

Lease Liability	**2020**	2019
	$	$
Current	**608,875**	7,778,964

7. INTANGIBLE ASSETS

Intangible assets represent licensing rights granted to the Company for the duration of three years and a student recruiting software with an estimated useful life of five (5) years.

During the year the Company acquired a licence to deliver coding and software development courses in Jamaica. The agreement has indefinite life and as such will be assessed annually for impairment loss.

Intangible assets in the statement of financial position was determined as follows:

	2020	2019
	$	$
Balance at the beginning of the year	**1,446,714**	1,446,714
Additions	**7,155,547**	-
	8,602,261	1,446,714
Accumulated Amortisation		
Balance at the beginning of the year	**637,758**	348,869
Current year	**410,262**	288,889
	1,048,020	637,758
Closing balance, net of amortisation	**7,554,241**	808,956

iCREATE LIMITED
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8. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade receivables	**19,055,305**	11,045,392
Less: Expected credit losses (note 21 (i))	**(12,797,216)**	(9,514,206)
Net trade receivables	**6,258,089**	1,531,186
Deposits	**-**	239,436
Withholding taxes	**28,530**	3,880
Amortizable bond costs	**1,171,718**	-
General prepayments	-	351,681
	1,200,248	594,997
	7,458,337	2,126,183

9. DUE FROM / (TO) RELATED PARTY

	2020 $	2019 $
Due from:		
iCreate Institute Incorporated (Florida)	-	2,218,802
eMedia Interactive Group Limited	**2,919,045**	3,007,291
	2,919,045	5,226,093
Less:		
Expected credit losses (note 21 (i))	**(707,747)**	(193,961)
	2,211,298	5,032,132
Director	**4,335,800**	3,426,521
	6,547,098	8,458,653
Due to:		
eMedia Interactive Group Limited	**(2,897,138)**	(2,897,138)

10. CASH AND BANK BALANCES

	2020 $	2019 $
Certificate of deposit	**704,503**	3,200,000
Cash in hand	**4,096**	15,555
Current accounts	-	25,992
	708,599	3,241,547
Bank overdraft:		
Current accounts	**473,278**	12,564,890

11. ISSUED SHARE CAPITAL

	2020	2019
	$	$
Authorized share capital:		
No maximum share capital		
Issued and fully paid:		
123,530,000 ordinary shares of no par value	**500,000**	500,000
74,062,500 ordinary shares of no par value	**69,750,000**	69,750,000
Less: transaction costs of share issue	**(14,433,930)**	(14,433,930)
	55,816,070	55,816,070

On November 30, 2018, the Company passed a resolution that the authorised share capital of the Company to be deemed to have no maximum share capital.

On November 30, 2018, 100,000,000 ordinary shares were issued to eMedia Interactive Group Limited without par value. Additionally on the same date, 23,530,000 ordinary shares were issued to Sagicor Investments Limited.

On January 31, 2019, the Company raised additional capital of $69.7 million from its initial public offering of 74,062,500 shares for its enlistment on the Jamaica Stock Exchange Junior Market. Transaction costs of $14.4 million were incurred for the initial public offering. All ordinary shares carry the same voting rights.

12. REVALUATION SURPLUS

This represents the revalued cost of the Code Fellows Holdings Incorporation, licence. The licence has an indefinite useful life.

13. DEFERRED TAX LIABILITY

Certain deferred tax assets and liabilities have been offset in accordance with the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for reporting purposes:

	2020	2019
	$	$
Deferred tax liability	**(289,215)**	(289,215)

Deferred tax liability is attributable to the following:	**2020**	2019
	$	$
Depreciation and capital allowances	**-**	(303,983)
Intangible asset	**-**	14,768
	-	(289,215)

The movement during the period in the Company's deferred tax position was as follows:

	2020	2019
	$	$
Balance at the beginning of the period	**(289,215)**	220,907
Movement during the period	**-**	(510,122)
Balance at the end of the period	**(289,215)**	(289,215)

14. LOANS PAYABALE

	2020 $	2019 $
Sagicor Investments Limited (i)	**24,000,000**	-
Dolla Financial Services Limited (ii)	**2,320,000**	-
Wilco Finance Limited (iii)	**3,044,478**	-
Total at year end	**29,364,478**	
Less current portion of loans payable	**(4,020,000)**	-
Non-current portion	**25,344,478**	-

(i) This represents a medium-term fixed rate secured bond of $24,000,000. The loan duration is five (5) years at an interest rate of 12.5%

The loan is secured over the present and future assets and property of the Company.

(ii) This reprsents an unsecured short-term loan of $4,000, 000. The loan duration is three (3) months at an interest rate of 4% per month.

(iii) This reprsents an unsecured short-term loan of $3,900, 000. The loan duration is twenty-one (21) months at an interest rate of 36%.

15. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	**15,943,090**	9,211,918
Accruals	**1,733,333**	3,802,240
Accrued salaries	**2,952,538**	2,509,015
Student refund	-	138,876
Accrued loan interest	**1,688,380**	-
Statutory deductions	**7,634,206**	5,246,550
Credit cards	**(374,027)**	574,919
Other payables	**120,432**	1,755,172
	29,697,952	23,238,690

16. CUSTOMER DEPOSITS

This represents monies advanced by students for services to be delivered in subsequent periods. Upon recognition of the service, the amounts will be transferred to the relevant revenue account.

17. ADMINISTRATIVE AND GENERAL EXPENSES

	2020	2019
	$	$
Salaries and related charges	**19,300,153**	25,867,691
Dues and subscription	**1,104,013**	1,571,472
Legal and professional fees	**3,088,101**	4,257,138
Meal and entertainment	**65,925**	270,139
Office expense	**654,013**	826,179
Rent	**1,675,735**	-
Advertising and promotion	**192,988**	2,276,361
Security expense	**71,521**	534,567
Telephone and internet	**5,214,984**	3,247,965
Utilities	**1,583,307**	2,021,872
Audit fees	**900,000**	900,000
Transportation	**-**	341,200
Repairs and maintenance	**480,000**	-
Expected credit losses provision	**3,796,795**	8,796,969
Bad debt written off	**2,218,803**	-
JSE annual listing fees	**769,234**	714,075
JCSD trustee fee	**690,000**	-
Derecognition of leasehold improvements	**3,388,469**	-
General expenses	**744,221**	276,127
	45,938,260	51,901,753

18. FINANCE COSTS

	2020	2019
	$	$
Bank charges	**515,733**	547,346
Interest expense	**7,457,198**	1,303,009
Depreciation on right-of-use asset	**6,943,644**	10,120,786
Foreign exchange loss	**172,408**	-
Right of use interest expense	**330,323**	990,385
	15,419,306	12,961,526

19. TAXATION CHARGE

a) Income tax is computed at 25% of the profit for the period, as adjusted for taxation purposes. Deferred tax is computed at 25% for the period based on the applicable income tax rate for unregulated companies.
The taxation credit is made up as follows:

	2020	2019
	$	$
Current:		
Provision for charge on current profit	**-**	-
Deferred:		
Origination and reversal of temporary differences	**-**	510,122
	-	510,122

b) Reconciliation of effective tax rate and credit:

	2020		2019	
	$	%	$	%
Loss before taxation	**(29,064,713)**		(45,439,954)	
Computed tax charge	**-**	**0%**	-	0%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	**-**	**0%**	169,762	1%
Other adjustments	**-**	**0%**	340,360	-2%
Actual tax charge and rate	**-**	**0%**	510,122	-1%

20. LOSS PER STOCK UNIT:

Basic loss per stock unit is calculated by dividing the net loss attributable to stockholders by the weighted average number of ordinary stock units in issue at year end.

	2020	2019
	$	$
Net loss attributable to stockholders ($‘000)	**(21,993,766)**	(45,950,076)
Weighted average number of ordinary stocks units (‘000)	**191,505,171**	191,505,171
Basic loss per stock unit (¢ per share)	**(0.11)**	(0.24)

21. RELATED PARTY TRANSACTIONS

The following related party balances are shown separately in the Company's statement of financial position:

	2020	2019
	$	$
Amounts due from related parties	**2,211,298**	5,032,132
Amounts due to related party	**2,897,138**	2,897,138
Amounts due to directors	**4,335,800**	3,426,521

The Company's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2020	2019
	$	$
Key management personnel compensation	**8,800,000**	7,975,000

22. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

(a) Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Market prices are not available for some of the financial assets and liabilities of the Company. Fair values in the financial statements have therefore been presented using various estimation techniques based on market conditions existing at the statement of financial position date.

Generally, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The amounts included in the financial statements for cash and cash equivalents, receivable, payables, and due to / from related companies reflect the approximate fair values because of short-term maturity of these instruments.

(b) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Cash flow risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

22. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s principal financial assets are cash and bank deposits, accounts receivable and related party receivables.

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit ratings.

Cash and bank balances:

The credit risk on cash and bank deposits is limited as they are held with financial institutions with high credit rating.

Trade receivables:

The Company uses a provision matrix to measure expected credit losses (ECLs) of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates, determined by a probability weighted approach.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions, the economic conditions over the expected lives of the receivables and other macro-economic factors such as foreign currency exchange rates, interest rates and Gross Domestic Products (GDP).

The following table provides information about the exposure to credit risk and ECLs for trade receivable as at December 31, 2020 and 2019:

	2020		
	Weighted average loss rate	Gross carrying amount	Loss allownace
		$	$
Current (not past due)	0%	-	-
31-60 days past due	1%	534,623	5,346
61-90 days past due	65%	421,000	273,650
More than 91 days past due	70%	18,099,682	12,518,220
		19,055,305	**12,797,216**

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22. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd):

Trade receivables (cont'd):

2019

	Weighted average loss rate	Gross carrying amount	Loss allownace
		$	$
Current (not past due)	5%	-	-
31-60 days past due	0%	50,000	-
61-90 days past due	70%	3,219,450	2,253,615
More than 91 days past due	93%	7,775,942	7,260,591
		11,045,392	9,514,206

Related party balances:

The Company assesses each related party ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrowers liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis as follows:

2020

	Weighted average loss rate	Gross carrying amount	Loss allownace
		$	$
1-30 days past due	1%	-	-
61-90 days past due	1%	-	-
More than 91 days past due	14%	2,919,045	707,747
		2,919,045	**707,747**

2019

	Weighted average loss rate	Gross carrying amount	Loss allownace
		$	$
1-30 days past due	1%	-	-
61-90 days past due	1%	-	-
More than 91 days past due	4%	5,226,093	193,961
		5,226,093	193,961

22. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

Management aims at maintaining sufficient cash and the availability of funding through an amount of committed facilities. The management maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

	Carrying value $	Contractual cash flows $	Within 3-12 months $	Over 12 months $
December 31, 2020:				
Current portion of loans payable	4,020,000	4,020,000	4,020,000	-
Trade and other payables	29,697,952	29,697,952	29,697,952	-
Bank overdraft	473,278	473,278	473,278	-
	34,191,230	**34,191,230**	**34,191,230**	**-**

	Carrying value $	Contractual cash flows $	Within 3-12 months $	Over 12 months $
December 31, 2019:				
Trade and other payables	23,238,690	23,238,690	23,238,690	-
Bank overdraft	12,564,890	12,564,890	12,564,890	-
Customer deposits	890,000	890,000	890,000	-
	36,693,580	36,693,580	36,693,580	-

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market is to manage and control market risk exposures within acceptable parameters, while optimising the return.

22. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (cont'd):

(iii) Market risk (cont'd)

Interest rate risk: -

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company materially contracts financial liabilities at fixed interest rates for the duration of the term.When utilized, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At December 31, 2020, there were no financial liabilities subject to variable interest rate risk.

Interest-bearing financial assets comprises of bank deposits, which have been contracted at fixed interest rates for the duration of their terms.

Fair value sensitivity analysis for fixed rate instruments:

The Company does not hold any fixed rate financial assets that are subject to material changes in fairvalue through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or equity.

Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Company is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar.

(iv) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

22. OPERATION

The Company, which is still in a developmental phase, reported a loss for the year ended December 31, 2020 of $29,064,713 (2019, a loss of ($45,950,076) and had an accumulated deficit of $89,862,844 (2019: $60,798,131). Further as at December 31, 2020, the Company had net current liabilities of $22,983,209 (2019: $33,543,299). The Company has not to date been able to realise its projected revenues.

Additionally, the ongoing COVID-19 pandemic has placed an added burden on the Company's growth trajectory with revenue fall out due to the nature of its business.

The above factors indicate a possible material uncertainty that may cast doubt on the Company's ability to continue as a going concern and that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company has embarked on the following strategies to achieve sustainability and minimize the fall-out from the ongoing COVID-19 pandemic:

Cost Reduction

- A complete shutdown of its Montego Bay office with the migration of classes online
- Reduction in staff count at its Kingston's office
- Reduction of other operational costs

Revenue Growth in response to COVID-19 Pandemic

- Migrate majority of classes online - especially from the Montego Bay office
- Introduce new income streams through revenue diversification

Based on the plans and strategies being pursued and implemented, the directors and management believe that the Company will generate adequate cash flows and profitability which would allow it to continue in operational existence for the foreseeable future. On this basis, the directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation presumes that the Company will be able to realize its assets and discharge its liabilities in the ordinary course of business.